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MINISTER OF FINANCE

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Budget Address

[CHECK AGAINST DELIVERY]

Mr. Speaker, honourable colleagues, and Nunavummiut. I rise today to present this house with our government's budget for the coming fiscal year.

This budget takes stock of our current fiscal condition, and sets out the practical, achievable results that we can obtain as we pursue our long-term vision of Tamapta.

In our throne speech yesterday, the government confirmed that Tamapta remains our goal. We also said that we had brought into clearer focus the steps that we should take now in order for Tamapta to succeed.

You heard from the Commissioner that we will concentrate our efforts for the rest of this government's mandate in five broad areas. Let me return to those briefly, as my remarks today will give each of them greater meaning.

First, we will continue to invest in Nunavummiut, especially youth and children. We are preparing for tomorrow by taking steps today.

Our population is very young. Thousands of Nunavummiut are moving up through the school system and into the labour force. As they progress, they will bring new pressures to our public services and economy. We must prepare them to succeed.

Second, we will reduce poverty through partnerships with our communities. You have heard some of our plans for the Nunavut Anti-Poverty Secretariat, and our investments in country-food distribution.

Third, we are providing all communities with greater infrastructure support so that they can increasingly rely on their own resources, and reach their own decisions. As each of our communities grows stronger, all Nunavummiut will benefit.

Fourth, our support for more and better housing continues undiminished by the recent troubles at the Nunavut Housing Corporation. We will ensure that the corporation can carry out its mandate. As we have seen in the Nunavut Housing Survey, our people need more homes, and we will do all that we can to help.

And fifth, we will focus our approach to large capital projects so that we can explore opportunities to build in partnership with the federal government and the private sector.

These five priorities represent the areas where we can do the most good for the greatest number of people while living within our means.

Today I will describe this agenda in financial terms. Members will see that we have planned cautiously, and realistically.

First, the good news. The economy appears to be rebounding. We had seen real GDP grow by four per cent in 2007, and a further 11 per cent in 2008. But in 2009 the Nunavut economy shrank six per cent. In the face of a serious global recession, the mining industry slowed its exploration and development, and the construction sector slowed as well.

While the growth rate for 2010 is still being calculated, we see a positive trend in mining.

Meadowbank began production last year. The Baffinland Iron Mines Corporation has been acquired by the world's largest steel producer, Arcelor Mittal, in partnership with Nunavut Iron.

Looking ahead, we will probably see Newmont Mining start production at its Hope Bay gold project next year. And Shear Minerals plans to re-open the Jericho Diamond Mine.

All of these are major projects operated by large resource companies. They represent a serious vote of confidence in the future of Nunavut.

Looking at the larger picture, the Bank of Canada projects that the Canadian economy will grow by 2.4% this year and 2.8% next year.

This means that the recession has come to an end. But we still see its effects in public finances. The federal government has projected a $45 billion deficit for this year, a deficit of $30 billion next year, and it expects to incur deficits for at least three more years.

We need to watch this closely. The federal government provides the bulk of our revenue through the Territorial Formula Financing arrangement. The agreement expires March 31st, 2014. We expect to make good progress over the next year in negotiating a renewal.

Clearly we will continue to rely on this funding for many years. But it is just as clear that we must become more self-reliant, as a government, as communities, and as a people. Over the long term, we must develop our own-source revenues, and help our private sector to grow.

A devolution agreement would bring us royalty payments on our natural resources, but it may be many years before we can bank that money. This is why we must prepare Nunavummiut today for future success in the private sector, as well as in the public service.

Let me turn now to the fiscal plan.

In my last budget address, I had said that I expected to achieve a balanced budget. I had fully expected that to occur, but then we needed to accommodate the budget shortfalls incurred by the Nunavut Housing Corporation. We deferred capital expenditures. We reduced operating and maintenance spending across the board by three percent. I expect that we will close our books with a deficit of $33 million.

In the coming year, we will incur another deficit. Our total revenues will rise seven per cent to $1.35 billion dollars. Our program spending will reach $1.19 billion. Add to that a

Capital Plan of $122 million, and a provision for $89 million in supplementary requirements. In all, we face a deficit of $50 million.

Some will ask whether we could eliminate the deficit next year through continued restraint.

We could do that, Mr. Speaker. We could defer or cancel all capital spending. We could cut program spending again across the board by three per cent – or even more. But that would be a very difficult choice. Many Nunavummiut depend on the government to help them through their daily lives.

Instead, our best course is to create the conditions in which our communities and our people can contribute to our common good.

Our role as a government is to help Nunavummiut to gain skills and knowledge, to gain the credentials that employers require, and to become healthy, self-reliant, and prepared to succeed.

This is why we have placed a premium on health and wellness. A healthy economy needs healthy communities and healthy families.

Our spending on health care and social services this coming year will reach almost $297 million dollars, a rise of $32 million from this year. This represents one quarter of all our spending.

We will provide the Department of Health and Social Services with an additional $1.2 million in health promotion services, a rise of $3.4 million for hospital and physician services, an increase of $5 million for specialized residential care, an extra $5.5 million for medical transportation, and $2 million more for improved mental health care.

Mr. Speaker, we are making an investment in the health of our people that is entirely necessary. But at the same time I am concerned about the rate at which this spending is growing. We will need to ensure that the federal government fully appreciates our challenges when we discuss the renewal of the Canada Health Transfer agreement.

We are spending more, Mr. Speaker, but we must ensure that we are spending smarter. Every government in Canada is grappling with the issue of soaring health-care costs. That is why the Department of Health and Social Services is working to establish, community by community, the best way to deliver services.

Mr. Speaker, as we look forward to the Nunavut of 2030, we should see a new generation taking up the responsibility of leadership – new heads of organizations, new managers, new employees.

Today that generation is in our daycares and in our schools. They are learning how to play together, share together, learn together, and grow together. They are in many ways our most precious resource. We owe them a future with chances for success that exceed our own.

This government sees children and youth as a leading priority. Although our financial situation is not easy, we recognize the need to invest in young Nunavummiut. The need is serious, Mr. Speaker.

In the last census taken five years ago, only 40% of students graduated from high school. There is a positive trend, in that the number of graduates two years ago reached 250. That number had just about doubled from five years earlier. But we will need many more graduates.

If we are to prepare our children and youth for their future responsibilities, then we shall need to focus our attention, and theirs, on learning.

In this context, I note with satisfaction that the Nunavut Teachers Association has signed a four-year contract.

My budget provides the Education Department with an additional $18 million in the coming fiscal year, an increase of nearly nine per cent from this year. Most of this increase will reach students in elementary and high schools, encouraging them to attend school, to learn, and to graduate with Grade 12. The budget provides an additional $13 million dollars for this purpose.

Plus we will encourage graduates to continue their studies. I draw your attention to the $2.5 million increase we provided this year for the Financial Assistance to Nunavut Students program. We will maintain support at that level next year – a sustained investment to support higher education.

In addition to supporting students, we are also acting now to help reduce poverty in all our communities.

Since we established the Nunavut Anti-Poverty Secretariat last April 1st, we have engaged in discussions with all communities. Next November our Premier will chair the anti-poverty summit here in Iqaluit — an event that will bring together government, business, the non-governmental sector, and people who have lived in poverty. Together, these delegates will set goals for all of our sectors, so that we have an action plan that can achieve real results.

As visible as the summit will be, it is not all that we are doing to help Nunavut's least-fortunate residents.

We are contributing an additional $3 million to the Income Support Program. This program pays for food and clothing allowances, which will rise on the first of next month for the first time in six years.

In the coming year the Department of Economic Development and Transportation will launch the Country Food Distribution Systems — a program to improve the storage and distribution of traditional food.

Our investment of $1.1 million next year will launch a program to help municipalities to upgrade, repair or replace their community freezers. We expect to work with three communities in the first year, and to expand our work in the two years that follow.

As well, Mr. Speaker, we are advancing toward the establishment of an independent Child and Youth Representative.

In the coming year, the Department of Executive and Intergovernmental Affairs will prepare legislation to establish the independent representative. The government anticipates that the representative will start work in the 2012-13 fiscal year.

This representative will give voice to a large and growing segment of our population. It is worth remembering that one-third of our population is aged under 15. While they cannot vote, they can, and will, be heard.

Mr. Speaker, in addition to working with children and youth, and to reducing poverty, this government has also made a point of increasing our support to all our communities. We aim to increase their self-reliance, so that government decisions are made by the authorities closest to the people.

Government works best when public services can be provided and managed locally. We are working closely with the Nunavut Association of Municipalities and the Nunavut Association of Municipal Administrators. Together we are defining and providing municipal employees with the training they need to better serve their communities.

We are also providing them with tools and equipment, and greater opportunities for economic development.

Next year we will give municipalities an additional $6.6 million dollars. This includes $650,000 for better water and sewage services. Further, we will invest an additional $1 million so that each community can obtain the mobile equipment that it needs.

Through all of these measures, we are helping each of our communities to improve its services to the public.

As well, we will promote tourism, culture and the fisheries in our communities using the $3 million that we received from the Federal Community Development Trust.

Our transportation network will receive some much-needed improvements, Mr. Speaker. This government will invest an additional $1.3 million in Iqaluit International Airport, and a further $1.8 million for all other airports across Nunavut.

We aim to ensure that our airports are safe and efficient, and that they meet the needs of Nunavummiut. As the busiest airport, Iqaluit is ready for a new air terminal. We are discussing with a federal Crown corporation how to finance the improvements that we so clearly need.

Housing will continue to receive our strong focus as we enter the new fiscal year. The Nunavut Housing Corporation will receive an additional $11 million, almost all of it for public housing. This includes $6 million in payments for utilities.

I have already spoken at length about the measures the corporation will undertake to improve our supply of housing. I want to take a moment now to point out that the corporation has some internal improvements to make as well.

I take favourable note of its plans to improve its governance, tighten up its financial administration, and improve its operational capacity.

Of course, these are measures that should be implemented in all departments.

Mr. Speaker, my own Department of Finance is playing a role in helping this government to improve its operations. We are entering the third year of a five-year agreement with the federal government to strengthen our financial management capability. This arrangement will contribute greatly to the future of our financial operations.

I would invite every government manager, and every government employee, to think very carefully about the money that they administer. We must make sure that every dollar spent on behalf of Nunavummiut actually produces value for Nunavummiut.

We all recognize that organizations, including governments, must be prepared to adapt to changing circumstances and expectations. This is why we initiated an independent review of the government's decentralized functions. The results will enable us to improve the delivery of essential programs and services to Nunavummiut.

But now the time has come for us to consider the structure of government itself.

I suggest that we take a thoughtful look at the number of departments and agencies, their mandates, and organizational designs. We should ask whether the current government structure is appropriate, considering our priorities and goals.

Members of the Legislative Assembly have offered thoughtful suggestions in this area, and will have more, all of which we would carefully consider during this process.

All departments, all corporations, all employees, even us here in the Legislative Assembly, need to understand that we are using public money to produce public good. When finances are as tight as ours, we cannot afford any waste, anywhere. We can do better, we must do better, and we shall do better.

Mr. Speaker, let me turn now to our relationship with the land, a relationship that is central to our way of life. We are rich in resources, with abundant fish and wildlife. At the same time, we know that some of our resources are less abundant than many of us can remember.

Protecting the caribou remains one of the Environment Department's top priorities as we enter the new fiscal year. The department has been consulting widely and will now com-

plete the Caribou Management Strategy. We look forward to seeing guidance on the consistent and comprehensive management of the caribou herds, so that they can support our future generations.

As well, this government will improve wildlife conservation in general by investing a further $180,000 in our network of local wildlife conservation officers.

Our priorities include the need for an accurate count of the polar bear population using techniques that do not disrupt the animals. We conducted one full-scale survey from the air in this past year, and tested the method in the Foxe Basin. In the coming year, we plan to conduct full surveys of the Western Hudson and Baffin Bay populations.

We also look forward to providing the Nunavut Wildlife Management Board with a polar bear population estimate for Foxe Basin — information that could lead to an adjustment in the total harvest.

Our fishing industry is showing some promise. We saw good progress last year toward establishing an inshore turbot fishery, and we are encouraged by the results of the Nunavut Coastal Resource Inventory.

In the coming year, the Environment Department will invest an additional $460,000 in its Fisheries and Sealing Division to make possible the implementation of the Nunavut Fisheries Strategy.

As we enter the new fiscal year, we will have completed the Nunavut Fisheries Branding and Marketing Strategy.

Mr. Speaker, in addition to the priorities that our government has established for the remainder of our mandate, let me bring you up to date on some other initiatives.

In the year ahead, we will celebrate the establishment of the *Inuit Uqausinginnik Taiguusiliuqtiit* as an arm's-length entity. It will standardize the Inuit Language, so that the same word has the same meaning anywhere in Nunavut.

We will also mark the opening of *Piqqusilirivvik* at Clyde River. Like all Nunavummiut, this government looks forward to that opening day with great anticipation. We also encourage students in all communities to apply for admission.

We will also contribute an additional $2.5 million to the school so that it can hire the rest of its staff and prepare its first-year program.

Mr. Speaker, my tour of the government's expenditure plan brings us at last to the Department of Justice, where we are focused on responding to the rising crime rate. We have allocated an additional $1.2 million to the RCMP and an additional $2.5 million for legal aid.

As we continue to adapt the justice system to meet the needs of Nunavummiut, I draw your attention to two programs in particular.

The first is the Community Corrections program, where dedicated probation officers have taken up duties previously provided by the Department of Health and Social Services. We have contributed an additional $564,000 to this program this year to better support adult and youth offenders on probation.

The second program is the Adult Institutions and Correctional Camps. We have provided an additional $5.9 million for the new Rankin Inlet Correctional Centre. It will provide traditional healing and Inuit living skills, reduce pressure on the Baffin Correctional Centre, and allow us to bring home inmates from other jurisdictions.

Mr. Speaker, now that we have walked through the government's fiscal plan for the coming year, I suggest that some conclusions are possible.

The first of these is that our government has shown resilience in a difficult year. My second conclusion is this: We have seen over the past year the scale of the challenges we face in implementing Tamapta.

The Tamapta destination is the right one for our young territory. But we have a great deal of work to do in order to get there. And some of that work will need to be performed by the private sector. That includes the large corporations and the growing ranks of successful small businesses. All of us have a role to perform so that Nunavummiut can succeed.

This is why we have chosen to focus our efforts in five broad areas.

Again, Mr. Speaker, we are investing in Nunavummiut, especially children and youth. We are working in partnership to reduce poverty, and increasing community self-reliance. We are working for more and better housing, and we are taking a focused approach to our large capital projects.

By concentrating our work in these areas, we can best position Nunavummiut for success.

I look forward to working with all members in this third session. Let us cooperate so that the people we serve can succeed.

Thank you.